



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0308	Title:	Revise coal board and impact grant laws
Primary Sponsor:	Essmann, Jeff	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: This bill generally revises the membership of the Coal Board, adding two members and specifying the required residency for each member, generally revises the award of Coal Board grants to include any local government that has, or expects to have, an increase in the rail transportation of coal, and reduces the percentage of coal severance tax revenues available for award to local governmental units outside the designated coal impact area.

FISCAL ANALYSIS

Assumptions:

Department of Commerce

- Section 1 of the bill modifies the composition of the Coal Board, increasing its membership from seven to nine members. Section 1 of the bill also changes the residency requirements for the appointment of Coal Board members. The addition of two board members would result in an increase to the Coal Board administrative costs budget (per diem) of \$2,650 for board stipends, mileage, hotel, and food. Since there is not additional available revenue in the coal board state special revenue, it is assumed that grants would be reduced by a like amount.
- Sections 2 and 3 of the bill modify 90-6-205 and 90-6-206, MCA, to include local impacts from the transportation of coal as one of the purposes of awarding a Coal Board grant and to add the degree of

severity of impact from an increase in transportation of coal as one of the bases for awarding a Coal Board grant.

3. Section 4 of the bill creates a new subsection (1)(e) of 90-6-207, MCA, that expands the eligibility for Coal Board grants to counties or municipalities that have or expect to have an increase in the transportation of coal produced from the designated eastern Montana coal field economic growth center as certified by the governor.
4. Section 4 of the bill also modifies subsection (3) of 90-6-207, MCA, to reduce the percentage of coal severance tax revenues available for award to local governmental units outside the designated coal impact area.
5. During the 2013 biennium, the Coal Board awarded 56 grants to 16 eligible governmental entities to address impacts from coal development. To date, during the 2015 biennium, the Coal Board has awarded 37 grants to 21 eligible governmental entities within the existing designated coal impact area. Under this bill, revenues available for grants through the Coal Board would remain unchanged from existing law.
6. Under this bill, an unknown number of additional communities may become eligible for coal board funding and receive an unknown amount of grant funding. The number of additional communities that would be designated as coal impact area based on an increase or expected increase in the transportation of coal, the amount of coal trains transported through those communities, and whether such coal is produced from the designated area identified in the bill is unknown.

Secretary of State's Office

7. This bill will have minimal cost for postage and administrative duties. The office does not receive general fund monies for operations, but has agreed to assume the fiscal responsibility for this bill.

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$1,000	\$1,000	\$1,000	\$1,000
Operating Expenses	\$1,650	\$1,650	\$1,650	\$1,650
Grants	<u>(\$2,650)</u>	<u>(\$2,650)</u>	<u>(\$2,650)</u>	<u>(\$2,650)</u>
TOTAL Expenditures	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Technical Notes:

1. Section 4 of the bill creates a new subsection (1)(e) of 90-6-207, MCA, that expands the eligibility for Coal Board grants to counties or municipalities that have or expect to have an increase in the transportation of coal produced from the designated eastern Montana coal field economic growth center as certified by the governor. Unlike the other designation criteria in the statute, the proposed language does not specify a timeframe within which a county or incorporated city or town “expects to have an increase in the transportation of coal.” Without such a timeframe (e.g., within 2 years), the designation of coal impact area under this new criteria could be very broad and difficult to determine.

Sponsor’s Initials

Date

Budget Director’s Initials

Date